

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

BILL SCHUETTE, ATTORNEY GENERAL
OF THE STATE OF MICHIGAN, *ex rel*
The People of the State of Michigan,

No. 16-30-CP

Plaintiff,

HON. WILLIAM E. COLLETTE

LIQUIDATION, LLC; also doing business as:
VEHICLE LIQUIDATION, LLC, AUTOLOANS, LLC;
AUTO LOANS, LLC; CAR LOAN, LLC;
SOVEREIGN LENDING SOLUTIONS, LLC;
SOVEREIGN LENDING, LLC,
MANAGEMENT SOLUTIONS, LLC;
LOAN SERVICING SOLUTIONS, LLC; and
WILLIAM MCKIBBIN, III, INDIVIDUALLY;
MARK EDWARD WEINER, INDIVIDUALLY, *et al.*

Defendants.

**DEFAULT JUDGMENT AND FINAL ORDER FOR
PERMANENT INJUNCTION**

At a session of said Court held in the City of Mason,
Ingham County, Michigan this 8 day of June, 2016.

PRESENT: HONORABLE WILLIAM E. COLLETTE, Circuit Judge

This cause having come to be heard on Plaintiff's Motion for Entry of Default Judgment, Permanent Injunction and other relief pursuant to MCR 2.603(B)(3), and having been considered, together with the Brief in Support and supporting Affidavits, Plaintiff's Complaint and supporting Affidavits, and all other pleadings

filed in this cause; default having been entered against Liquidation, LLC, also doing business as Vehicle Liquidation, LLC; AutoLoans, LLC; Auto Loans, LLC; Car Loan, LLC; Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Management Solutions, LLC; and Loan Servicing Solutions, LLC, their officers, members, managers, agents, employees, successors and assigns, and against Mark Edward Weiner, individually; it appearing that Defendant Weiner is not in the military service of the United States, and the Court being fully informed; Plaintiff's Motion for entry of Judgment is **GRANTED**, and **IT IS HEREBY ORDERED AND ADJUDGED** that:

Judgment is entered in favor of Plaintiff and against Defendants Liquidation, LLC, also doing business as Vehicle Liquidation, LLC; AutoLoans, LLC; Auto Loans, LLC; Car Loan, LLC; Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Management Solutions, LLC; and Loan Servicing Solutions, LLC, their officers, members, managers, agents, employees, successors and assigns; and against Mark Edward Weiner, individually, as follows:

I. PREAMBLE

1.1 Plaintiff Bill Schuette, Attorney General of the State of Michigan, on behalf of the People of the State of Michigan, commenced this action on January 14, 2016 pursuant to the Michigan Consumer Protection Act (MCPA), MCL 445.901 *et seq.*, Regulation of Collection Practices Act (RCPA), MCL 445.251 *et seq.*, and Michigan Limited Liability Company Act (LLC Act), MCL 450.5007, *et seq.*

1.2 On January 18, 2016, Defendants Liquidation, LLC, also doing business as Vehicle Liquidation, LLC; Autoloans, LLC; Auto Loans, LLC; Car Loan, LLC; Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Management Solutions, LLC; and Loan Servicing Solutions, LLC were served with the Summons and Complaint (and other filed pleadings) by certified mail addressed to Jim Lotoszinski, Michigan Corporations Division Director; appointed as agent for service for said Defendants by transacting business as foreign limited liability companies in Michigan without a certificate of authority, pursuant to MCL 450.5007(4), MCL 600.1920(4)(a).

1.3 On February 22, 2016, Defendant Mark Edward Weiner was served with the Duplicate Summons, Complaint, and other filed pleadings by personal delivery.

1.4 Having failed to appear or file a responsive pleading, defaults were entered against each of the above, pursuant to MCR 2.603(A); and the allegations of the Complaint, other than the relief requested, are admitted. MCR 2.111(E)(1).

II. DEFINITIONS

For purposes of this Judgment and Final Order, the following definitions shall apply:

2.1 "LLC Defendants" means Liquidation, LLC, also doing business as Vehicle Liquidation, LLC; AutoLoans, LLC; Auto Loans, LLC; Car Loan, LLC; Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Management Solutions, LLC; and Loan Servicing Solutions, LLC, their principals, officers,

members, owners, managers, agents, employees, attorneys, successors, assigns, and any other person or business entity acting under their direction, control, or in active concert or participation with any them.

2.2 “Defendant Weiner”, except as otherwise stated, means Mark Edward Weiner, individually.

2.3 “Defendants” means the LLC Defendants and Defendant Weiner, collectively, whether acting directly or through any trust, business entity, or other device, including but not limited to fictitious business names, agents, employees, attorneys and any other persons who are in active concert or participation with them.

2.4 “Michigan Consumer” means a person who purchased a Title Loan from a LLC Defendant and at the time of loan purchase was a resident of the State of Michigan.

2.5 “Title Loan” means a loan issued or sold to a Michigan Consumer by a LLC Defendant, in which payment is secured by a motor vehicle owned by the Michigan Consumer through a lien listing the name of a LLC Defendant on the vehicle’s title.

III. FINDINGS

3.1 This Court has jurisdiction over this matter and parties hereto.

3.2 Venue is proper in the Ingham County Circuit Court pursuant to MCL 445.905(1), MCL 600.1631, MCL 14.102.

3.3 All allegations in the Complaint are ADMITTED, and Defendants are

found to be in violation of Michigan law by:

- a. Engaging in consumer lending without requisite authority or Michigan license to do so, including as a pawnbroker contrary to the Michigan Pawnbroker Act (MPA), MCL 446.201;
- b. Charging or receiving payment as interest on a Title Loan at interest rates in excess of 36% per annum, contrary to the MPA, MCL 446.209(1),(3), and other applicable Michigan laws;
- c. Misrepresenting in communications with consumer borrowers the legal status of a legal action being taken or threatened and legal rights of the LLC Defendants, directly and through collection conduct including in particular repossessing or otherwise taking ownership of vehicles pledged as security for illegal Title Loan interest payments, contrary to the Regulation of Collection Practices Act, MCL 445.252(f)(i),(ii). The total number of such vehicles that were subject to repossession or other acquisition by Defendants is unknown, but is at least 154.
- d. Engaging in conduct defined as unlawful under the Michigan Consumer Protection Act during the course of soliciting, selling, and collecting upon unauthorized Title Loans with illegal interest rates, including:
 - (1) Failing to disclose material facts, contrary to MCL 445.903(1)(s),(cc);
 - (2) Causing a probability of consumer confusion or understating as to the legal rights and obligations of the LLC Defendants and consumer borrowers and the terms of credit, contrary to MCL 445.903(1)(n),(o);
 - (3) Making representations of material fact such that consumers reasonably believe the represented or suggested state of affairs to be other than it actually is, contrary to MCL 445.903(1)(bb);
- e. Transacting business in Michigan without a certificate of authority since at least June 28, 2013, in violation of the Michigan Limited Liability Company Act, MCL 450.1002.

IV. DECLARATORY JUDGMENT and Consumer Redress

- 4.1 Each Title Loan issued to a Michigan Consumer by Sovereign

Lending Solutions, LLC; Sovereign Lending, LLC; Auto Loans, LLC; Autoloans, LLC; Car Loan, LLC; Liquidation, LLC or other LLC Defendant is unlawful, void, and uncollectible; whether by Defendants or any assignee, successor, or other person or entity claiming or acquiring interest in a Title Loan in the place of Defendant(s).

4.2 Liens placed on motor vehicle titles to secure payment of a Title Loan by Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Auto Loans, LLC; Autoloans, LLC; Car Loan, LLC; Liquidation, LLC; Management Solutions, LLC; Vehicle Liquidation, LLC; or Loan Servicing Solutions, LLC are unenforceable, and Defendants have no legal right or interest in any vehicle pledged as security for a Title Loan.

4.3 A motor vehicle certificate of title issued in the name of Liquidation, LLC or other Defendant, or listing a lien in the name of a LLC Defendant pursuant to a Title Loan purchased by a Michigan Consumer was fraudulently or erroneously issued.

4.4 A Michigan Consumer who purchased a Title Loan from a Defendant LLC is the rightful owner of a vehicle currently titled or listing a lien in the name of Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Auto Loans, LLC; Autoloans, LLC; Car Loan, LLC; Liquidation, LLC; Management Solutions, LLC; Vehicle Liquidation, LLC; or Loan Servicing Solutions, LLC; free and clear of lien or title interest by a LLC Defendant.

4.5 **Return of Repossessed Vehicles: Every Michigan Consumer**

whose vehicle was repossessed by or at the direction of a LLC Defendant and has not been resold, or is titled in the name of Liquidation, LLC or other LLC Defendant, can recover their vehicle from the current custodian in possession of the vehicle, free of any charges associated with the towing or storage of their vehicle.

4.6 Vehicle Title Cancellation Removing a Defendant Lien:

Michigan Consumers whose vehicles remain in their possession are entitled to a new, replacement or other title that does not name Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Auto Loans, LLC; Autoloans, LLC; Car Loan, LLC; Liquidation, LLC; Management Solutions, LLC; Vehicle Liquidation, LLC; Loan Servicing Solutions, LLC; or other Defendant as a lien holder, by appropriate application to the Michigan Department of State.

Upon receipt of (1) an application for a certificate of title (MDOS Form TR-11); (2) a copy of this Default Judgment; and (3) the required fee (currently \$15.00), the Michigan Department of State is authorized to issue the Michigan vehicle owner currently listed on the title a new title that does not list Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Auto Loans, LLC; Autoloans, LLC; Car Loan, LLC; Liquidation, LLC; Management Solutions, LLC; Vehicle Liquidation, LLC; Loan Servicing Solutions, LLC; or other Defendant as a lien holder.

To the extent permitted by applicable state law and upon proper application, the Indiana Bureau of Motor Vehicles or other applicable state agency may likewise issue the Michigan vehicle owner currently listed on a title issued by that State a new title that does list Sovereign Lending Solutions, LLC; Sovereign Lending, LLC;

Auto Loans, LLC; Autoloans, LLC; Car Loan, LLC; Liquidation, LLC; Management Solutions, LLC; Vehicle Liquidation, LLC; Loan Servicing Solutions, LLC; or other Defendant as a lien holder.

4.7 New Title Removing Defendant as the Named Title Owner:

A Michigan Consumer who purchased a Title Loan from a LLC Defendant and whose vehicle is currently titled in the name of Liquidation, LLC or any other Defendant is entitled to a new, replacement, or other title that does not name Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Auto Loans, LLC; Autoloans, LLC; Car Loan, LLC; Liquidation, LLC; Management Solutions, LLC; Vehicle Liquidation, LLC; Loan Servicing Solutions, LLC; or other Defendant as the owner.

Upon receipt of (1) an application for a certificate of title (MDOS Form TR-11); (2) a copy of this Default Judgment; and (3) the required fee (currently \$15.00), the Michigan Department of State is authorized to issue a new title in the name of the Michigan Consumer applicant that does not list Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Auto Loans, LLC; Autoloans, LLC; Car Loan, LLC; Liquidation, LLC; Management Solutions, LLC; or other Defendant.

To the extent permitted by applicable state law and upon proper application, the Indiana Bureau of Motor Vehicles or other applicable state agency that issued a title currently in the name of a LLC Defendant may likewise issue a new title in the name of the Michigan Consumer applicant that does not list Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Auto Loans, LLC; Autoloans, LLC; Car

Loan, LLC; Liquidation, LLC; Management Solutions, LLC; Vehicle Liquidation, LLC; Loan Servicing Solutions, LLC; or other Defendant.

V. INJUNCTIVE TERMS

5.1 It is hereby Ordered that Defendants are permanently enjoined and restrained from engaging in the prohibited practices set forth herein, directly or indirectly, and shall satisfy the affirmative requirements set forth herein.

Permanent Injunction

5.2 Defendants Liquidation, LLC; Vehicle Liquidation, LLC; AutoLoans, LLC; Auto Loans, LLC; Car Loan, LLC; Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Management Solutions, LLC; Loan Servicing Solutions, LLC, their principals, officers, owners, members, managers, agents, employees, attorneys, successors, assigns, and any other LLC Defendant; Defendant Weiner; and any other person or business entity acting under Defendants' direction, control, or in active concert or in participation with any of them who receives notice of this Order, whether directly or indirectly, are **PERMANENTLY RESTRAINED AND ENJOINED** from:

- a. Conducting any business in Michigan without having obtained a certificate of authority as required by MCL 450.5002 and until all civil penalties plus any interest and court costs awarded herein have been paid, pursuant to MCL 450.5007(7);
- b. Making loans in Michigan, as pawnbroker or otherwise, without being properly licensed as required by applicable Michigan law;
- c. Making, servicing, or collecting on any Title Loan sold or issued to a Michigan Consumer;
- d. Accepting Title Loan interest or other payments made by any Michigan

Consumer;

- e. Engaging in any collection activities on Title Loans issued by Defendants where the borrower is a Michigan Consumer, including any action to repossess, transport, take title to, or sell a motor vehicle pledged as collateral for the loan;**
- f. Asserting a security interest in any vehicles allegedly pledged as security for repayment of a Title Loan;**
- g. Selling or otherwise transferring interest in any motor vehicle associated with a Title Loan;**
- h. Providing credit reporting agencies with any adverse information about payment history related to a Michigan Consumer, and shall affirmatively take all necessary action to withdraw and repair any and all adverse credit information previously reported by Defendants;**
- i. Engaging in any conduct in violation of Michigan law, including but not limited to any act or practice that violates the Regulation of Collection Practices Act, Michigan Pawnbroker Act, Michigan Consumer Protection Act, or Michigan Limited Liability Company Act;**
- j. Assisting others in any of the conduct listed above (subparagraphs a through i);**
- k. Selling, assigning, or otherwise transferring interest in any Title Loan to any other person or business entity, or otherwise benefitting from a Title Loan, directly or indirectly through any other person, business entity, or other device;**
- l. Disclosing, using, transferring, or benefitting (directly or indirectly) from any Michigan Consumer information obtained in connection with a Title Loan, including the name, address, telephone number, email address, social security number, or other identifying information, or any data that enables access to a Michigan Consumer's credit card, bank, or other financial account.**

5.3 Defendants shall affirmatively cancel and write-off all Michigan

Consumer debt arising from the Title Loans.

VI. MONETARY JUDGMENT

Against The LLC Defendants:

6.1 Judgment is hereby entered against the LLC Defendants (Liquidation, LLC, also doing business as Vehicle Liquidation, LLC; AutoLoans, LLC; Auto Loans, LLC; Car Loan, LLC; Sovereign Lending Solutions, LLC; Sovereign Lending, LLC; Management Solutions, LLC; and Loan Servicing Solutions, LLC) in the amount of \$2,198,698.00, jointly and severally, payable to the State of Michigan, as follows:

- a. \$10,050.00 pursuant to the Michigan Limited Liability Company Act; \$10,000.00 as a civil penalty pursuant to MCL 445.5007(6) and \$50.00 in fees that would have been imposed had the LLC Defendants obtained the certificate and filed all documents required under the LLC Act, pursuant to MCL 445.5007(5);**
- b. \$770,000.00 as a civil fine pursuant to the Regulation of Collection Practices Act, MCL 445.256(1) for repossessing or otherwise taking ownership of 154 known vehicles pledged as security for legally unenforceable Title Loans; and**
- c. \$1,418,648.00 to be allocated for restitution to Michigan Consumers whose vehicles were acquired and resold or otherwise disposed of by Defendants, pursuant to the Michigan Consumer Protection Act; MCL 445.901, *et seq.* This amount shall be distributed to eligible consumers by the Attorney General as he may elect, and who shall have sole discretion on the manner of determining consumer eligibility for and the amount of restitution to Michigan Consumers, subject to the following formula:**
 - (1) Tier 1: The first \$709,324.00 shall be paid to eligible Michigan Consumers whose vehicle was acquired by Defendants and resold.**
 - (2) Tier 2: The remaining amount shall be paid to eligible Michigan Consumers who received a loan from Defendants and whose vehicle was not acquired and resold by Defendants, on an equal pro-rata share basis.**

Against Defendant Mark Weiner:

6.2 Judgment in the amount of \$10,000.00 is hereby entered as a civil penalty against Defendant Mark Edward Weiner, individually, payable to the State of Michigan, pursuant to the Limited Liability Company Act; MCL 450.5007(6).

VII. GENERAL PROVISIONS

7.1 Nothing in this Judgment shall be construed to waive or limit any private right of action, or the rights of any consumer or other person or entity to assert any claim or otherwise pursue any available right or remedy.

7.2 Nothing in this Judgment shall limit the authority of the State, the Attorney General, or any federal, other state, county, or other governmental department, agency or entity to take all appropriate action regarding any Defendant herein in order to protect the public or the health, safety, welfare or interests of the State and the people of the State of Michigan, including but not limited to criminal prosecution of acts or practices prohibited by law against Defendants or with respect to the acts or practices of the Defendants.

7.3 Jurisdiction of this matter and the parties hereto is retained for purposes of construction, modification and enforcement of this Judgment, or for purposes of granting such additional relief as may be necessary and appropriate for carrying out this Judgment.

Pursuant to MCR 2.602(A)(3), this Judgment resolves the last pending claim and closes the case.

IT IS SO ORDERED, ADJUDGED, AND DECREED.

Dated this _____ day of _____, 2016.

WILLIAM E. COLLETTE

**Honorable WILLIAM E. COLLETTE
Ingham County Circuit Court Judge**